

A HISTORY OF U.S. SECURITY EXPORT CONTROLS TOWARD CHINA  
AS RECORDED IN THE FORMAL DOCUMENTS OF THE  
DEPARTMENT OF COMMERCE EXPORT CONTROL STRUCTURE

I. General      \*DOC Exempt Letter On File\*

The history of U.S. security export controls toward China can be divided into two major periods with June 1950, the approximate date of the beginning of the Korean War, the breaking point between them.

A. Pre Korean War

In the pre Korean War period, US security export control policy attempted to reconcile the various elements of foreign policy, commercial policy, and national security into a pattern consistent with each. The result was, inevitably, a compromise of all.

The basic U.S. security export control policy toward China in this period, dating from at least January 1949, can perhaps be summarized as seeking: (1) to prevent U.S. shipments of items of direct military value to the Chinese Communists, (2) to prevent Chinese transshipment of U.S. goods to the East European Soviet Bloc, (3) to continue U.S. shipments of goods to meet normal civilian needs in China, and (4) to maintain, within the bounds of national security, the U.S. economic and commercial interests in China.<sup>1</sup>

Pursuant to the above objectives, the U.S. security licensing policy toward China in 1949 can probably be characterized as: (1) a presumption for denial of goods strategically rated class IA, unless evidence is available which clearly indicates that the item is for normal civilian consumption in China, (2) a presumption for approval of goods strategically rated class IB if the quantities are not excessive, and (3) approval of goods strategically rated class II unless clear evidence of intended transshipment to the East European Soviet Bloc exists.<sup>2</sup> In February of 1950, while the basic policy objectives were unchanged, closer scrutiny was maintained over U.S. exports to China in that approvals of shipments of Class IA and IB items from the U.S. to China required R Procedure Subcommittee or Operating Committee sanction.<sup>3, 4</sup>

<sup>1</sup> ACR, PD No. 105, 31 Jan. 1949. ACR, PD No. 239, 5 Oct. 1949. See Appendix A.

<sup>2</sup> Ibid.

<sup>3</sup> Hong Kong and Macao were recognized from the beginning as areas which, because of their proximity to and historical entrepot functions for China, presented special problems. By February, 1950 exports for North and South Korea and Taiwan as well as Hong Kong and Macao were subject to special U.S. licensing procedures designed to prevent the frustration of U.S. export controls toward China.

<sup>4</sup> ACR, PD No. 294, 24 Feb. 1950. See also OC Doc. 296, 1 Feb. 1950 and ACR, PD No. 300, 9 March 1950 for the programs developed to cover 1950 U.S. exports of certain chemicals, non-ferrous metals, and petroleum products to China and Hong Kong.

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The outbreak of the Korean War in June of 1950 brought to a close this particular phase of U.S. security export control policy toward China.

The flexibility of security export controls was well demonstrated during this period. Four primary objectives, generally militating toward different actions as far as the licensing of U.S. exports was concerned, were blended into a pattern which recognized each to some extent. The blending was accomplished by affording different licensing treatment for various classes of commodities. Security interests were paramount in the licensing of Class IA items; security, commercial, and foreign policy interests were compromised in the licensing of Class IB items; commercial and foreign policy interests were paramount in the licensing of Class IC and unrated items.

### B. Korean War

The initial security export control action taken by the U.S. following the outbreak of the Korean War was to require that all commodities or technical data proposed for export from the U.S. to North Korea (above the 38th parallel) have a validated license. These license applications were to be denied.

A gradual process of further restricting exports to China was also initiated and by 8 July 1950 license applications for exports to China of all US IA and IB items, or those on which a strategic rating was pending, were either denied or held without action.<sup>2</sup> In August 1950, all items for export to China required a validated export license and the licensing policy was to deny all US IA items; for all other items, there existed a presumption for denial with a review by the R Procedure Subcommittee if approval was recommended.<sup>3</sup> This licensing policy did not apply to licenses for exports to the Chinese Nationalist Government on Taiwan when the policy was, in general, for approval, and to Hong Kong, Macao, and South Korea when somewhat less restrictive policies than those for China were put into effect.<sup>4</sup>

After the entry of Chinese Communist troops into the Korean War in November 1950, the U.S. policy of denying exports to Communist China was made more positive and complete by eliminating the possibility of license approvals after R Procedure Subcommittee review and by extending the coverage of items requiring a validated U.S. export license to goods of foreign origin which were moving in transit through the U.S. to China, Hong Kong, or Macao.<sup>5</sup>

In contrast to the preceding period, the objectives of foreign policy and security currently coincide fairly closely and the export control

1 ACR, PD No. 339, 28 June 1950.

2 ACR, PD no. 294, Amendment 5, 8 June 1950; ACR PD No. 341, 30 June 1950; ACR, PD No. 341, Amendment.

3 ACR, PD No. 361, 14 Aug. 1950.

4 Ibid.

5 ACR, PD No. 361, Amendment No. 4, 14 Dec. 1950, and Amendment No. 5,

21 Dec. 1950. Several coordinated actions by the U.S. Government in the field of transportation controls, bunkering policy, Chinese exports to the U.S. etc. are not reflected in this document. A discussion of parallel action is also excluded here.

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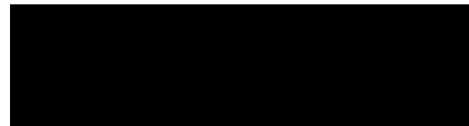
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mechanism is oriented therefore to serve one end.

## II. Conclusions

The compromises required in the pre-Korean War phase of the security export control program in order to reconcile the conflicting considerations of foreign policy, commercial policy and security resulted, in my opinion, in the nullification of export control as an effective instrument for the furthering or protecting any of the U.S. interests in China. In my opinion, export controls alone could not have, under any circumstances, changed the course of events in China, but the point is that the force of export controls was dissipated by not being focused, until the Korean War period, on a single objective.

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